

MUNICIPAL BUDGET

DEFINITION OF A MUNICIPAL BUDGET

A municipal budget is generally a projection of future revenues and expenditure. A budget is used to control financial transactions and should also be used as a management and planning tool.

It is also a tool for implementing the service delivery objectives of the Municipality as set out in their Integrated Development Plan.

A Municipal budget also provides for greater transparency, accountability, flexibility and predictability within the municipality.

A Municipality budget is divided into Capital and Operating Budget:

a) A capital budget is an estimate of the expenses that will be incurred during that financial year to create future benefits, and the sources of finance from which these expenses will be funded. The municipality spends money either to buy fixed assets or to add to the value of an existing fixed assets with a useful life that extends beyond one year. Fixed assets include, inter alia, land and buildings, motor vehicles, furniture, computers, office equipment and machinery.

b) An operating budget is an estimate of the operating revenues which will accrue to the municipality through its normal service delivery and the expenditure that will be incurred through the day to day operations of the municipality over the financial year.

EXAMPLE: The purchase of a photocopier is a capital expenditure and is budgeted for under the capital budget, but the maintenance and other expense such as the paper and toner for the photocopier is budget for under the operating budget.

OBJECTIVE OF A MUNICIPAL BUDGET

The main objective of a municipal budget is to sensibly expected resources to the municipality's service delivery goals or performance objectives identified as priorities in the approved IDP.

The municipal budget is a tool through which the total level of revenue and expenditure are adequately controlled, public resources are appropriately allocated among sectors and programs, and ensure that departments operate as efficiently as possible within the municipality.

1.3 EXECUTIVE SUMMARY BUDGET: 2013/2014 BUDGET YEAR

1.3.1 Key focus areas for the 2013/14 budget process

The *Medium Term Budget Policy Statement 2012* notes that the South African economy is projected to grow by 2.5 per cent in 2012. By 2014 GDP growth is expected to reach 3.8 per cent, supported by expanding public sector investment in infrastructure, the activation of new electricity-generating capacity, improving public sector confidence, relatively low inflation and interest rates and strong growth in the Southern African region.

Specific interventions to achieve this include: investing in strategic infrastructure programmes, including electricity generation and transport capacity needed to open up new mining and industrial

opportunities. Linked to this is strengthening municipal finances and investing in residential development and urban infrastructure.

The proposed spending framework approved by Cabinet takes account of the need to control spending growth over the medium term while increasing the efficiency of existing allocations to improve public services. As a result, the fiscus does not increase available funds beyond the 2012 budget baseline.

The labour market has deteriorated. The official unemployment rate rose to 25.5 per cent of the labour force in the third quarter of 2012 from 24.9 per cent in the second quarter according to the latest Quarterly Labour Force Survey. The total number of unemployed people stood at 4.67 million in the three months up to September, from 4.47 million in the second quarter. By the expanded definition of unemployment (including those who have stopped looking for work) unemployment increased to 36.3 per cent, from 36.2 per cent.

Consequently, municipal revenues and cash flows are expected to remain under pressure in 2013/14 and *so municipalities must adopt a conservative approach when projecting their expected revenues and cash receipts*. Municipalities will have to carefully consider affordability of tariff increases especially as it relates to domestic consumers while considering the level of services versus the associated cost. Municipalities should also pay particular attention to managing revenue effectively and carefully evaluate all spending decisions. In generating capacity for spending on key municipal infrastructure *municipalities will have to identify inefficiencies and eliminate non-priority spending*.

National priority – Expanding public sector investment in infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority. In drafting their 2013/14 budgets and MTREFs all municipalities are urged to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Programme. In this regard the Expanded Public Works Programme Grant (EPWP) has been reconfigured in the 2012/13 financial year to be a schedule 6 grant. Municipalities are required to reflect the EPWP allocation in their budget because the gazetted amounts of the programme will flow directly into their primary bank accounts. Municipalities should budget for the grant in the same way as it budgets for all other schedule 6 conditional grants. Allocations are based on past performance on the EPWP, potential to create work using baseline allocations, need for employment creation in their area and an adjustment factor for rural municipalities.

Municipalities should not just employ more people without any reference to the level of staffing required to deliver effective services, remuneration increases associated with bargaining council decisions and what is financially sustainable over the medium term. The municipality ought to focus on maximizing its contribution to job creation by:

- Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate;
- Ensuring that service providers use labour intensive approaches;
- Supporting labour intensive LED projects;
- Participating fully in the Expanded Public Works Programme; and
- Implementing interns programmes to provide young people with on-the-job training.

Municipalities also play a critical role in creating an enabling environment for investments and other activities that lead to job creation. It is important for municipalities to pay particular attention to:

- Ensuring the timely delivery of their capital programmes (eliminate under-spending of capital budgets) and to review all by-laws and development approval processes with a view to removing any regulatory bottlenecks to investment and job creation; and
- Act as a catalyst for local economic development by appropriately structuring capital programmes to address backlog eradication, asset renewal and development of new infrastructure; this will require carefully formulating the funding mix of the capital programme to include grants, borrowing and own funding (internally generated funding).

Image of Local Government

The Local Government Budgets and Expenditure Review highlighted the burgeoning crisis in the declining credibility of local government. Public perception at this time, as measured through various monitors and surveys reflected high levels of disenchantment with service delivery and perceived corruption at municipalities. Recent gauges of public opinion, evident in the outcome of recent surveys on corruption and fraud in government and increases in service delivery protests countrywide, confirm that this negative perception of local government persists.

In the medium to long term, these perceptions will improve as service delivery improves. In the short term, municipalities must demonstrate sound leadership and put in place measures to address mismanagement by implementing effective systems to measure, monitor and evaluate performance.

1.3.2. Demographical Information

Phokwane Municipality is situated in the Northern Cape and lies within the boundaries of the Francis Baard District Municipality. The area of jurisdiction is made up by the following areas, Pampierstad, Hartswater, Jan Kempdorp, Ganspan Settlement and the Farming areas. The Geographical area is approximately 835km² in extent and a few important changes took place in the municipal area between 2001 and 2011 based on the Census information showing the current situation of the area. The local population of Phokwane Municipality was estimated to be 61 314 (Census 2001) and increase in the 2011 Census to 63 000. The increase in the population has led to the number of household increasing from 16 807 to 17 544 in 2011 Census which recorded an increase of 737 household.

Phokwane is a peri-urban area with serious socio-economic challenges such as unemployment, high rate of poverty, low skilled workforce and serious basic services infrastructure challenges such as roads, sewer network, housing and water services. The Municipality is bordered by two neighbouring Municipalities namely the Greater Taung Municipality with a very big population of about 204 000 (177 642), mainly dependant on Phokwane commercial centre for shopping and Magareng Local municipality with a population of about 24 204.

According to the 2011 Census, the labour market recorded 37.6% unemployment of the total workforce and thus showing 16.7% increase compared to 2001 data in the local area. Due to the high unemployment rate the Municipality currently have ± 4,100 registered indigent households.

The direct impact of the unemployment rate is the poor payment percentage of services which affects the municipality's ability to continue delivering such services at an affordable rate. A major increase in the debtor payment percentage is needed to ensure that all budgeted revenue are collected. It is therefore imperative that strict Credit Control is enforced to ensure that the Municipality has the necessary resources for optimal service delivery.

1.3.3. Personnel

For the 2012/2013 budget, the total councillors and employee related costs amounted to R 63.6 million or 33% of the operating budget of R 187,6 million. Total councillors and employee related costs for the 2013/2014 final budget constitute R 48.7 million or 25.9% of the total expenditure budget and is therefore a decrease of 23.43%. Provision is made for a number of vacant and new positions in the 2013/2014 draft budget. A short summary of some of those positions are:

- Director ; Planning & Operations
- Receptionist/Typist
- Gender Disability/Advocacy Officer
- Network Administrator
- Secretary: Director Technical
- Tourism Practitioner
- LED Officer
- Risk Assessment Officer
- Senior Clerk/Researcher MPAC
- Committee Clerk
- Roads & Stormwater:Supervisor
- Truck Driver
- General Worker X 4
- Drivers Assistant X2
- Relief Plant Operator X 2
- Caretaker X 2
- Director: Corporate Services
- Director: Infrastructure and Human Settlement
- IDP Officer

Provision is made for 6.85% increase in Councillor Allowances and for employee related cost throughout. The period of the salary and wage collective agreement 2009/10 to 2011/2012 had come to an end. In the absence other information from SALGBC municipalities are further advised to provide for an increase of 6.4 per cent relating to salaries and wages for the 2014/15 budget. The operating budget depicts the following as far as Employee and councillors related cost is concern.

- Council Allowance as % of total operating budget derived from equitable shares: 2.29%
- Employees Salaries and Allowance as % of total operating budget 24.23%

As in previous years, provision are made for pension fund contributions for all employees who are members of an accredited pension fund as well as who are members of a Medical Aid. Provisions are also made for contributions towards a Councillor Pension Fund.

1.3.4. Operational Final Budget 2013/2014 Financial Year

1.3.4.1. Community Consultative Meetings

The MFMA Budget Circular 58; 59, 66 and 67 of National Treasury provides guidance on the preparation of Municipal Budgets over The medium Term Revenue Expenditure Framework for 2013/2014 – 2015/2016.

A series of Community participation meetings has been convened during April and May 2013 where the Community have been briefed on the content of the draft budget, proposed new tariffs as well as capital projects. Communities were given an opportunity to make inputs, recommendations and to raise concerns.

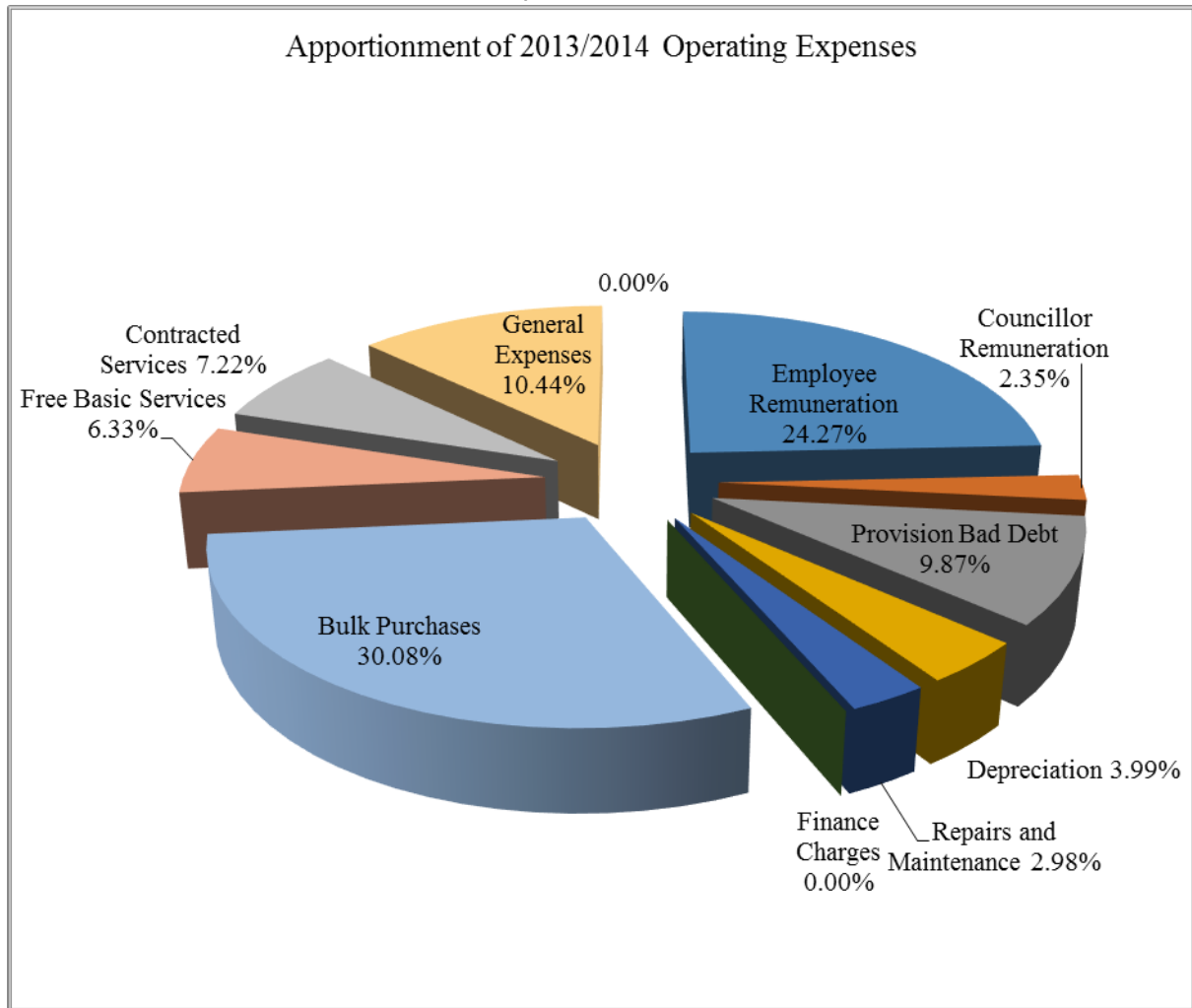
1.3.4.2. Summary of 2013/2014 Operating Expenditure

The approved operational budget for 2012/2013 amounted to R187.6 million and the operating expenditure budget for 2013/2014 is being estimated at R187.5 million thus, representing a decrease of 0.05% and the main reason for these decreases are the decreases on the following expenditure line items when comparing 2012/13 and 2013/14 financial year:

- 23.46% decline in councillors and employee related costs.
- 33.81% decrease in general expenses in the 2013/2014 budget year

2013/2014 OPERATING EXPENSE PER TYPE	2012/2013	2013/2014	Percentage
Employee Remuneration	58,566,654	44,375,644	-24.23
Council Remuneration	5,031,389	4,302,658	-14.48
Provision Bad Debt	9,388,199	18,048,365	92.25
Depreciation	5,304,294	7,293,102	37.49
Repairs and Maintenance	4,841,850	5,451,838	12.60
Finance Charges	133,583	-	-100.00
Provincial grant paid	-	1 987 000	-
Grants Paid Operating	-	2 740 000	-
Bulk Purchases	49,106,583	55,000,143	12.00
Free Basic Services	10,967,059	11,581,214	5.60
General Expenses	35,601,802	23,566,053	-33.81
Contracted Services	8,658,924	13 199 265	52.44
Total	187 600 336	187,545,282	0.05

CHART: PERCENTAGE APPORTIONMENT OF 2013/2014 OPERATING EXPENSES



1.3.4.3 Summary of 2013/2014 Operating Revenue

The final operational revenue budget for 2013/2014 amounts to R192 million when compared to the R187 million of the 2012/2013 approved budget. This is representing an increase in the total anticipated revenue of about 2.67% as result of a 7.7% increase in services revenue anticipated to be collected in 2013/2014. The following has a material effect on the anticipated revenue budget and can be seen as the key drivers for operating revenue:

- 6% income Increase :Water,
- 5,5% Increase :Sewerage,
- 8 % increase :Electricity,
- 5.5% increase :Refuse,
- 5.5 % increase :Other income,
- 5.23 % increase in equitable Share Allocation from R63,719,000 (2012/2013) to R67 054 000 (2013/2014),

- Property Rates: A 25% reduction on property rates tariffs can be expected for 2013/2014 as result of the implementation of the new official valuation roll with an effect from 1st July 2013. The current tariff for rates amounts to R0, 01092 and the proposed rate for 2013/2014 budget year is R0, 0082. The proposed new tariffs for the 2013/2014 budget year are:

Business: R0, 0082 per R value of valuation
 Residential: R0, 0082 per R value of valuation
 Industrial: R0, 0182 per R value of valuation
 Agricultural: R0, 00205 per R value of valuation

All residential properties with a market value of less than the amount as annually determined by the municipality (R15,000) are Exempted from paying rates.

The following rebates apply to the different categories of rates payers:

Business: 0.00% per R value of valuation
 Residential: 40% per R value of valuation
 Industrial: 0, 00 per R value of valuation
 Agricultural: 0,00% per R value of valuation
 Pensioners: 75% per R value of valuation
 Government: 40% per R value of valuation

Making the following assumptions of usage, the increase in tariffs will have the following effect:

Current Tariff 2012/2013		New Tariff 2013/2014		Percentage
Refuse removal	45.90	Refusal Removal	48.42	5,00%
Sewerage Basic Charge	75.31	Basic Charge	79.45	5,00%
Electricity : Basic Charge	91.33	Basic Charge	98.64	8,00%
Consumption - 1,000kwh	1,275.60	Consumption - 1,000kwh	1,113.84	-13,00%
Water Basic Charge	31.28	Basic Charge	33.03	5,59%
Consumption - 30kl	285.50	Consumption - 30kl	301.20	5,50%
Property Rates :Market Value	268.45	Property Rates	201.58	-24,91%
14% vat	2,073.37		1,876.16	
	252.69		234.44	
Total account	2,326.06		2,110.60	-9,00%

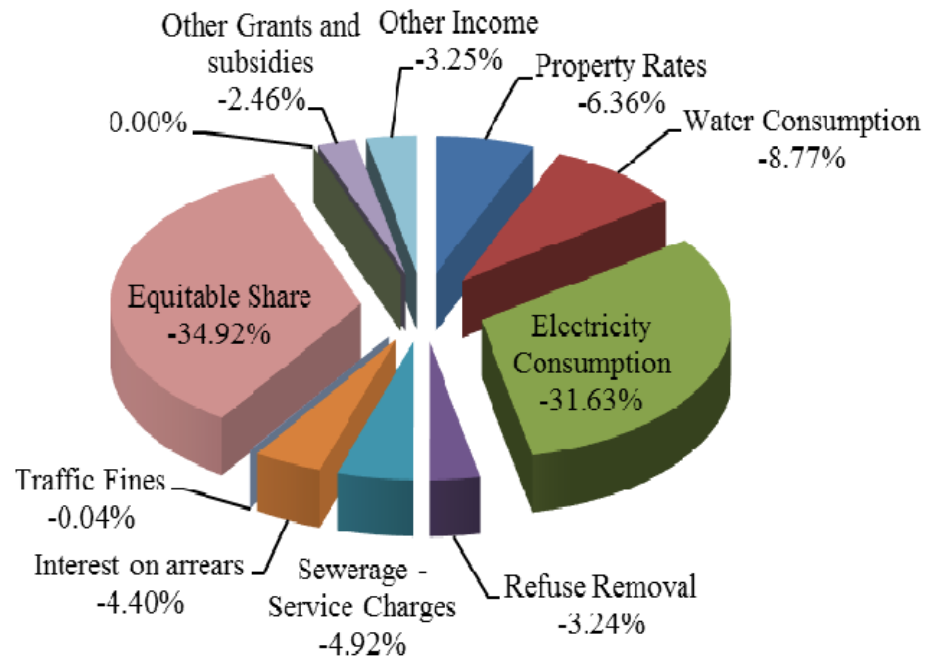
Property Rates Current Value of Erven	R 310,000.00	Property Rates: Market Value of Property R	310,000.00
Less R15, 000 Residential Rebate	R 295,000.00	Less R15, 000 Residential Rebate	R 295,000.00
Property Rates Calculated at 0.01032c/R	R 3,044.00	Property Rates Calculated at 0,00820c/R R	2,419.00
	R 253.67		R 201.58

This means that an average Consumer will pay +/- R215.4 less per month and that represents a decrease of $\pm 9\%$. The reasons for the decline are the following:

1. 8 % Increase in Electricity Tariffs compared to 11.03% increase in previous year
2. First of kl of water that only free for Indigent Households and 5.6% % increase in water tariffs which is in accordance the DWA norms and standards. Consumers are therefore encouraged to use water conservative.
3. Property rates decrease by +/-25% after having taken into account rebates.

2013/2014 OPERATING REVENUE SOURCE	2012/13	2013/14	Percentage
Property Rates	-10,038,400	-12 216 054	21.69
Water Consumption	-19,539,032	-16,842,786	-13.80
Electricity Consumption	-52,730,428	-60,745,158	15.20
Refuse Removal	-5,592,372	-6,230,263	11.41
Sewerage- Service Charges	-8,726,652	-9,440,994	8.19
Interest on Arrears	-8,089,891	-8 450 580	4.46
Traffic Fines	-147,083	-80 286	-45.41
Equitable Share	-63,719,000	-67,054,000	5.23
Other Grants and Subsidies	-3,212,000	-4,727,000	47.17
Other Income	-15,232,770	-6,238,969	-59.04
TOTAL	-187,027,628	-192,026,090	2.67

APPORTIONMENT OF 2013/2014 OPERATING REVENUE



1.3.4.4 FREE BASIC SERVICES

Provision is made in the 2013/2014 budget for the free basic services to the value of R 11 581 214 that consist of the following:

- Water : 6 Kilolitre per month for 4000 indigent households - R 6,398,620.74
- Sewerage : Free basic sanitation for 4000 indigent households per month - R 826,004.75
- Refuse Removal : Free refuse removal for 4000 indigent households per month -R 503,518.61
- Electricity : 50 kWh per month for 4000 indigent households - R 3,853,069.90

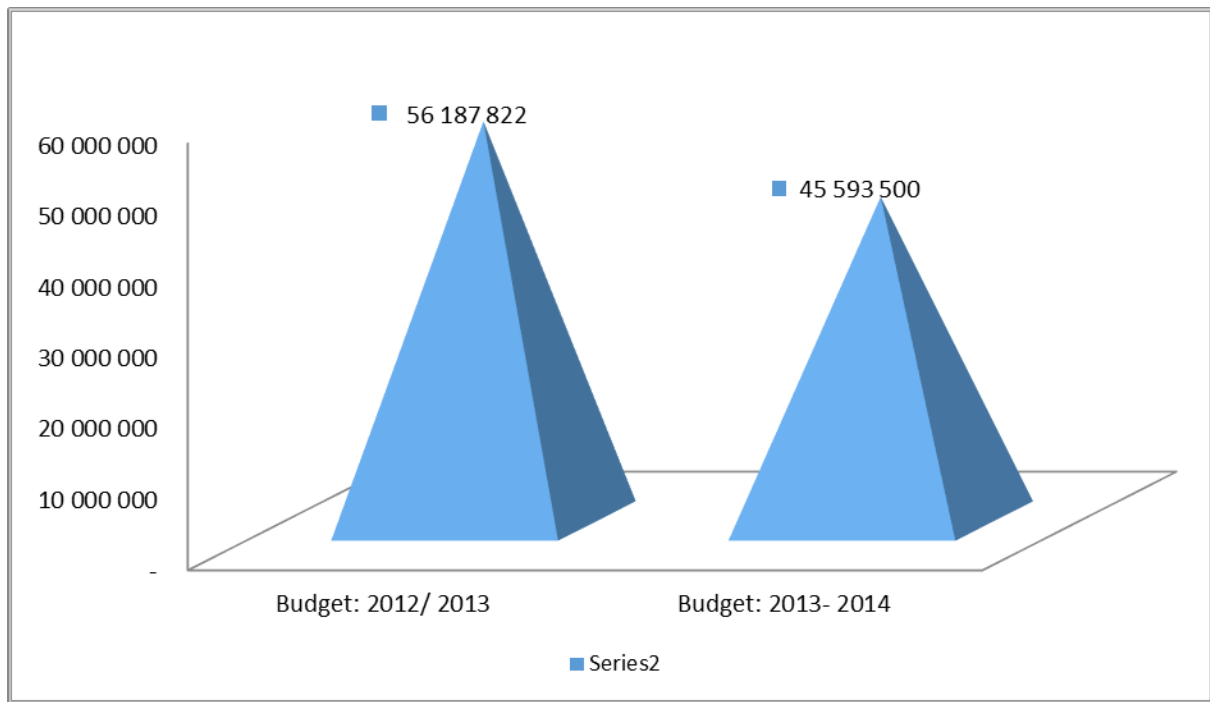
2.1 Capital Budget

The approved capital budget for 2012/2013 amounted to R 56,187 822. The proposed final capital budget for 2013/2014 amounts to R 45, 593, 500 that represent a decrease of 18.85% .The proposed capital projects are as follows:

Proposed Capital Project	Project Amount	Funding Source
Bulk water supply & sakhile 1450 stands (phase 2)	17,369,386	MIG
Ganspan: upgrading of bulk water supply (1219)	3,859,185	MIG
Construction of Roads and Storm Water - JKD	3,803,429	MIG
Water services operating subsidy grant	10,000,000	DWA
Telephone System	300,000	INTERNAL FUNDING
Electricity & Water Meters: Thagadiipelajang & Bonita Park	500,000	INTERNAL FUNDING
Water Connection Thagadiipelajang	150,000	INTERNAL FUNDING
Conroy Street - Sewer Connection 41 Stand	574,000	INTERNAL FUNDING
Hospital View - Sewer Connection 46 Stand	644,000	INTERNAL FUNDING
Installation of Water - 23 Stand Pampierstad	161,000	INTERNAL FUNDING
Andalucía Park - Sewer Connection 12 sites	120,000	INTERNAL FUNDING
Sewer connection - 8 Sites Kingston	64,000	INTERNAL FUNDING
Water Connection - 8 sites Kingston	64,000	INTERNAL FUNDING
Installation of Sanitation - 22 sites molelwane	294,000	INTERNAL FUNDING
Compressor - Water Treatment plant: Hartswater	30,000	INTERNAL FUNDING
Installation Sanitation - 19 Sites Andalucía ext	171,000	INTERNAL FUNDING
PPE: Mayor's Official Vehicle	400,000	INTERNAL FUNDING
PPE: Vehicles*2	450,000	INTERNAL FUNDING
Cherry Picker	600,000	INTERNAL FUNDING
PPE: Office furniture – finance	30,500	FMG
PPE: Office furniture - Infrastructure& Human Settlement	52,000	INTERNAL FUNDING
PPE: Office furniture - Planning & Operations	71,000	INTERNAL FUNDING

PPE: Microsoft open licence - IT	300,000	INTERNAL FUNDING
Electricity connections in Jan kempdorp 42 stands (Molelwane 21, Andalucía Ext 19 and Daffodil street 2)	336,000	INTERNAL/FBDM FUNDING
Security Doors for SCM (Finance)	50,000	FMG
Shredder - waste water JKD	300,000	INTERNAL FUNDING
Performance Management System	300,000	MSIG
Mini-sub Housing	200,000	INTERNAL FUNDING
Counter-funding for Ganspan Upgrading of Bulk Water Supply - Ganspan	1,200,000	FBDM
Purchase of Sewer Truck	2,000,000	FBDM
Electricity - 42 sites Thagadiipelajang	450,000	FBDM
Installation of Water Meter - Masakeng	550,000	FBDM
PPE: Office Equipment - IT	60,000	INTERNAL FUNDING
PPE: Office Equipment - Corporate	20,000	INTERNAL FUNDING
PPE: Office Equipment - Political Office	10,0000	INTERNAL FUNDING
PPE: Office Equipment - Office of the MM	10,0000	INTERNAL FUNDING
Water Pumps with Pipe *2 - JKD	15,000	INTERNAL FUNDING
Generator - JKD Electricity	14,000	INTERNAL FUNDING
Trolleys for Cleaner - JKD Parks & Cemetery	22,000	INTERNAL FUNDING
PPE: Office Equipment and Furniture - JKD	35,000	INTERNAL FUNDING
New Air Conditioners - Municipal Building JKD	14,000	INTERNAL FUNDING
Total Expenditure	45,593,500	

MIG - Municipal Infrastructure Grant
DWA - Department of Water Affairs
MSIG - Municipal System Improvement Grant
FMG - Financial Management Grant



3. IDP

DEVELOPMENT OF THE IDP: PUBLIC PARTICIPATION

3.1 Purpose of community participation

Community participation is central to the effective and efficient developmental local government and the development of the IDP document. Certain pieces of legislation make community participation obligatory in matters related to the affairs of the municipality.

The municipality has been employing a range of mechanisms to communicate and involve its residents, with varying levels of success. Though some structures for community participation are open to all members of the community for the purpose of better- structured coordination it is important to ensure formal representation of the community.

The municipality's intention is to strengthen community participation processes as its contribution to enhancing democracy and contributing to the implementation of relevant policy and legislation highlighted above thus making its objectives a reality.

3.2 Objectives of Community Participation

This Community Participation Plan intends to address the following objectives:

- i. That there is a conducive environment for community participation in the affairs of the municipality and ensures structured participation.
- ii. That the community remains informed about matters related to the municipality.
- iii. That communication processes must be clear and known to all members.
- iv. To ensure reciprocal communication between the municipality and the community.

- v. Wherever possible, communication must be purposeful and timely, particularly in relation to consultation and decision making in general, relevant information will be available on an transparent manner, and only in exceptional cases (e.g. to preserve confidentiality), information is not to be made available.
- vi. To ensure that effective communication is increased depending on information systems which must be easy to use, accessible, robust and reliable.

3.3 IDP Process

3.3.1 Formulation process

The formulation process comprises various activities / action steps that are needed at a given time within the IDP process. The IDP Formulation Process itself is furthermore designed around 6 phases which is described below and illustrated overleaf:

3.3.2 Phase 1: Preparatory

The preparatory phase entails the compilation of a process plan and the establishment of various participatory and administrative mechanisms.

3.3.2.1 IDP Process Plan

According to the Municipal Systems Act, No 32 of 2000, the process plan needs to be aligned with the Framework Plan of District Municipalities. The Process Plan of Phokwane Local Municipality was compiled by taking into consideration the Framework Plan of the District. In order to ensure the effective and productive formulation and implementation of the IDP process, a process plan which functions as a management tool to assist with the day to day management of the processes was compiled and approved by Phokwane Municipal Council on 14 August 2012. The IDP Process as proposed in the Process Plan was followed and is part of the annexures. Some deviations did occur, particularly in terms of keeping to the time frames, in some instances the dates were changed because meetings could not sit due to the unfavourable weather conditions and numerous other commitments were also expected of municipal officials and councillors.

PLANNING PHASES	DEADLINE
Preparation	August 2012
Analysis	August 2012
Strategy	October 2012
Project identification/planning/costing	February 2013
Drafting	March 2013
Approval	May 2013

3.3.3 Phase 2: Analysis

3.3.3.1 Documentary research and Information Gathering

The analysis phase comprises of the gathering of relevant data that needs to inform the decision-making process and enables participants to identify priority issues. The following documents were consulted to inform this phase of the IDP formulation process:

- Census 2001 and 2012
- Organogram of Phokwane Local Municipality
- Budget of Phokwane Municipality
- Previous IDP documents
- Municipal Systems Act
- Municipal Structures Act

Information was gathered through:

- Ward Councillors and Ward Consultative meetings
- Community Development Workers (CDW)
- Officials of Phokwane Municipality
- IDP Representative Forum Meetings.

The information collected during the analysis phase was used to sketch the background to the municipal area and to identify ward priorities. The latter was used to inform the next phase of the IDP process.

3.3.4 Phase 3: Strategies

The strategies phase entails the formulation of a Vision and Development Objectives, Strategies and Projects for each priority issues. It was decided to group some of the priority issues because of their similarity. The following groupings were used: Institutional, Socio-economic, spatial, infrastructure and local economic development. For each of these a set of objectives, strategies and projects were developed.

3.3.5 Phase 4: Integration

The integration phase deals with the refinement of the project proposals developed in the previous phase. The proposed projects were compared with the vision of the municipality while the institutional capacity of the municipality to implement these projects as well as the utilisation of resources were assessed to determine the influence of these projects on the current capacity of the organisation. This resulted in a set of integrated projects which constituted the integrated implementation programme of the municipality.

3.3.6 Phase 5: Approval

The approval phase comprises the following steps:

- The compilation of the Draft IDP
- The invitation of public comment for a 21-day period
- The alignment with District municipality
- The alignment with national and provincial government
- The review of the comments received,
- Final approval by council
- Submission to MEC COGHSTA.

3.4 IDP/Budget Consultative Structures

Council has decided that the Director Planning and Operations would be tasked as manager during the preparation phase of the process and the implementation phase thereafter.

3.4.1 IDP/Budget Steering Committee

The Steering Committee is a technical working team consisting of Departmental Heads within the municipality. These individuals would be involved in preparing technical reports and formulation of recommendations and to prepare certain documents.

This committee would be chaired by the Mayor, and in his absence Municipal Manager. The following officials will serve in the steering committee:

- Municipal Manager
- Director Corporate Services
- Director Planning and Operations
- Director Finance
- Director Infrastructure Services and Human Settlements
- Manager Jan Kempdorp/Ganspan Unit
- Manager Hartswater/Pampierstad Unit

Political Office Bearers

- Mayor
- Speaker
- Chairperson's of Sub-Committee

RESPONSIBILITIES OF IDP STEERING COMMITTEE

- Assess the implementation of the IDP
- Report to Council on the implementation on a quarterly basis
- Follow-up on departments commitments
- Solicit funding from government departments and agencies
- Conduct bilateral with sector department on current and future needs
- Meet by- monthly to assess IDP
- Consolidate stakeholders inputs

Meetings for the IDP/Budget Steering Committee were conducted on the following dates:

- 04 October 2012,
- 19 February 2013 and;
- 15 May 2013.

3.4.2 IDP/Budget Representative Forum

To give way to formal representation of the community in the process of compiling and reviewing the Integrated Development Plan, an IDP Representative Forum is established. These meetings are taking place quarterly. The latter forum will compromise of ward councillors, some ward committee members, community based Organisations, Non-Governmental organisations (NGO), business sectors, youth organisations, agricultural sectors, women organisations and assigned officials of the municipal council. Representation on the Forum will be done by respective structures by means of nomination on an annual basis.

Meetings for the IDP/Budget Representative Forum were conducted on the following dates:

- 24 October 2012 and 18 March 2013.

3.4.4 IDP/Budget Ward Consultative Meetings

With regards to promoting community participation it was in the view of the municipality to conduct ward consultative meetings for the development of the IDP. This was as a result of the municipal area is extensive in size the municipality decided to have IDP/Budget consultative meetings per ward. The aim of these consultative meetings was to allow for broader community participation. This was important to ensure that development efforts address real needs of the community. Our municipality is inclusive of farm areas, townships and towns of which all of them have different needs. To capture these needs it became vital to split the meetings to become wards specifics. Of which this has allowed us to identify priority issues which are more relevant to an area than broadening the scope.

For this process to be successful the municipality educated the councillors about the IDP and the aim of these meeting. This assisted as the councillors were to chair the IDP/Budget ward consultative meetings so as to get the priority issues from the community. Officials also assisted in the process by loud hailing, attending meetings and providing clarity to the community as to the procedures of the IDP document.

3.5 Priority Issues Raised per Ward

Meeting for Ward 1 was held at Kgono Primary School (Pampierstad) on the 06 November 2012 and 81 community members attended.

Community Members of Ward 1 that were present at the meeting raised the following priority issues.

1. Electricity (high mast lights)	3. Land and Housing
2. Roads (tar or pave roads)	4. Health (clinic in the area)

Meeting for Ward 2 was held at Pampierstad High School on the 13 November 2012 and 51 community members attended.

Community Members of Ward 2 that were present at the meeting raised the following priority issues.

1. Youth Development	4. Housing (speed up 219 housing project)
2. Road (paving of roads and speed humps)	5. Multipurpose center (youth)
3. Maintenance (stadium renovations)	

Meeting for Ward 3 was held at Pabalelo Primary School on the 08 November 2012 and 51 community members attended.

Community Members of Ward 3 that were present at the meeting raised the following priority issues.

1. Maintenance of municipal buildings	6. Unemployment
2. Roads (paving of roads, speed humps and maintenance)	7. Youth Development
3. Electricity (high mast lights)	8. Waste Management (illegal dumping)

4. Storm water drainage	9. Health (clinic under staffed)
5. Housing	10. Old age center

Meeting for Ward 4 was held at Motswedithuto Primary School (Magogong Farming Areas) on the 11 November 2012 and 14 community members attended.

Community Members of Ward 4 that were present at the meeting raised the following priority issues.

1. Land & Housing (speed up housing project and request transfer of land from departments)	3. Education (new schools)
2. Unemployment (for youth)	4. Transport (from farming areas to Magogong)

Meeting for Ward 4 was held at Gaoshupi Primary School (Pampierstad) on the 18 November 2012 and 23 community members attended.

Community Members of Ward 4 that were present at the meeting raised the following priority issues

1. Housing	3. Unemployment
2. Roads (speed humps)	4. Maintenance (maintenance of street signs, roads and municipal buildings)

Meeting for Ward 5 was held at Bonita Park Community Hall on the 14 November 2012 and 91 community members attended.

Community Members of Ward 5 that were present at the meeting raised the following priority issues.

1. Land & Housing (speed up housing project and need land for middle income people)	4. Unemployment
2. Electricity	5. Municipal Services (upgrade informal settlement next to old landfill site)
3. Roads (paving of roads)	

Meeting for Ward 6 was held at Hartswater Community Hall on the 15 November 2012 and 0 community members attended and the meeting was cancelled due to no attendance.

Meeting for Ward 6 was held at Andalusia Primary School (Jan Kempdorp) on the 22 November 2012 and 16 community members attended.

Community Members of Ward 6 that were present at the meeting raised the following priority issues.

1. Water (water supply to Ganspan, water pressure to Kingston from Jan kempdorp and water meters for Kingston)	3. Waste management (use of the new landfill site)
2. Fencing of cemetery	

Meeting for Ward 7 (Masakeng), 8 (Old Valspan) and 9 (Kingston), was held at Valspan Community Hall (Jan Kemp) on the 29 November 2012 and 37 community members attended.

Community Members of Ward 7, 8 & 9 that were present at the meeting raised the following priority issues.

1. Recreational Facilities (new parks)	5. Maintenance (renovate community hall)
2. Land & Housing	6. Electricity (street lights in Masakeng)
3. Roads (paving in Masakeng and Kingston)	7. Education (a local library in the area)
4. Unemployment	8. Water (communal taps for Masakeng area)

Meeting for Ward 8 was held at Uniting Church Ganspan on the 02 December 2012 and 39 community members attended.

Community Members of Ward 8 that were present at the meeting raised the following priority issues.

1. Land & Housing (Water, Sanitation, Electricity and Roads)	3. Municipal Building Renovation Fencing and Equipment's
2. Electricity	

Meeting for Ward 8 Proefplaas was held at Proefplaas on the 27 November 2012 and 30 community members attended.

Community Members of Ward 7 and 9 that were present at the meeting raised the following priority issues.

1. Land & Housing (request Public Work to transfer housing to current tenants and land ownership)	4. Sanitation (maintenance)
2. Maintenance (renovation of community hall)	5. Education (mobile library)
3. Unemployment	6. Health (mobile clinic)

Meeting for Ward 9 was held at Tadcaster Primary School (Farming Area) on the 18 November 2012 and 21 community members attended.

Community Members of Ward 8 that were present at the meeting raised the following priority issues.

1. Housing	2. Land
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3.6 Key Flagged Priority issues

Key Flagged Priority issues	
Priority Issues	Issues Raised by Community Members
a) Electricity	High mast lights, street lights for Masakeng
b) Roads and storm water	paving of roads, filling of potholes, bad roads and poor maintenance, need of speed humps, Community want storm water channels to reduce flooding during rainy seasons
c) Land & Housing	site allocation (land disposal), for middle income owners, enquire on the available land from departments, delay in EIA is causing the community to be uneasy as there is a need for housing
d) Health Services	Need for clinic, lack of stuff at clinics, mobile clinics for farm communities,
e) Youth development	Youth Desk is not attending to the issues of Young People
f) Maintenance and Security	renovation of the stadium, maintenance of municipal asserts eg Recreational park and Community hall, Municipal Buildings and Roads, open space, Library toilets are not functioning, Maintenance of Road Signs, Fencing for cemetery
g) Recreational Facility	Multipurpose centre Youth, need for parks
h) Unemployment	There is a problem of hiring general workers on a project who are local people. (Employment on projects needs to be done properly)
i) Water & Sanitation	Ganspan water pressure, New Kingston connection is affecting the pressure on Jan Kempdrop water, Water meters (for Kingston), communal water taps in Masakeng,
j) Education	need a local library in the township as the only library is located in Jan Kempdorp town, Mobile library in farm areas (Proefplaas), Schools in farm community
k) Municipal Services	Community that lives at old dumping site demand services such as clean water, electricity & proper sanitation and houses (informal settlement formalization)
l) Old age home	Old age home to be built in the area
m) Environmental management	Illegal dumping, New landfill site to start being utilised
n) Transport	from Farming areas and Magogong station

3.7 Priority issues Prioritized

1. Land & housing
2. Maintenance & security
3. Roads & stormwater
4. Unemployment
5. Electricity
6. Health Services

3.8 Draft IDP and Budget Ward Consultative Meetings

DATES	WARD	VENUE	TIME
07 May 2013	1	Kgono Primary School	17:00pm
Cancelled	2	Pampierstad High School	
30 April 2013	3	Gaoshupi Makodi Primary School	17:00pm
14 April 2013	4	Motswedithuto Primary	12:00am
30 April 2013	4	Gaoshupi Makodi Primary School	17:00pm
16 April 2013	5	Bonita Park Community Hall	17:00pm
17 April 2013	6	Hartswater Community Hall	17:00pm
9 May 2013	7+8+9	Valspan Community Hall	17:00pm
22 April 2013	8	Ganspan Community Hall	17:00pm
12 May 2013	9	Tadcaster (Farm areas)	10:00am
23 April 2013	6	Andalusia Primary	17:00pm
24 April 2013	8	Proofplaas	17:00pm

Ward 1 meeting was held at Kgono Primary School and 49 community members attended.

Community Members of Ward 1 that were present at the meeting raised the following concerns.

- | | |
|--|--|
| 1. Need for a clinic to be built in ward 1 (Sakhile) | 2. Indigent registration was the main concern of the community |
|--|--|

Ward 2 meeting was cancelled as a result of the ward Councillor cancelling the meetings on 2 occasions and time was a challenge, hence no comments or public participation occurred in this ward.

Ward 3&4 was a cluster meeting which was held at Gaoshupi Primary School and 61 community members attended.

Community Members of Ward 3&4 that were present at the meeting raised the following concerns.

Indigent registration was the main concern of the community

Ward 4 (Farm areas) meeting was held at Motswedithuto Primary School and house call (door to door) meetings were held due to inability of the community from the farms areas to come to the venue. At these meetings 36 community members attended.

Community Members of Ward 4 that were present at the meeting raised the following concerns.

- | | |
|---|---|
| 1. Land should be a priority for farm workers | 2. Community would like more information on how they can benefit in agriculture (skills transfer) |
| 3. Dissatisfaction with employee's treatment by farmers | |

Ward 5 meeting was held at Bonita Park Community Hall and 120 community members attended.

Community Members of Ward 5 that were present at the meeting raised the following concerns.

1. Job creation	2. For Ward 5 to be considered during Repair and Maintenance work or any work
3. Batho Pele principals should be enforced	4. Lights be fixed at stadium and Netball poles at Bonita Park stadium
5. Donkerhoek need water, electricity, sanitation and houses (formalization of settlement)	

Ward 6 meeting in Hartswater was held at the Hartswater community hall and 9 community members attended.

Community Members of Ward 6 that were present at the meeting raised the following concerns.

1. Increase Repairs and Maintenance	2. Inconsistencies in the evaluation roll (property values) and why the evaluation process was taking place
3. Need for the appointment of Hartswater/Pampierstad Unit Manager	

Ward 6 Jan Kempdorp meeting was held at Andalusia Primary School and ... community members attended.

Community Members of Ward 6 that were present at the meeting raised the following concerns.

1. Repairs and Maintenance on street lights	2. Upgrade Jan kempdorp landfill site
3. Devil's fork fencing between the cemetery and landfill site	4. Water and sanitation should be priority 1 on the priority list

Ward 7,8&9 meeting was held at Valspan Community Hall and 53 community members attended.

Community Members of Ward 7,8&9 that were present at the meeting raised the following concerns.

Need for sites for business

Ward 8 meeting was held at Ganspan Community Hall and 56 community members attended.

Community Members of Ward 5 that were present at the meeting raised the following concerns.

3. Houses are a need in Ganspan	4. Need for street lights or high mast light and tarred road in B-Block
5. Housing sites should be separated from business sites.	6. Speed humps to be placed on the main road in front of the school
7. Renovation of the swimming pool needed	

Ward 8 Proofplus meeting was cancelled due to no attendance.

Ward 9 Tadcaster meeting was held using the door to door principal as the farm community could not get to a centralized venue. 30 community members provided their inputs.

Community Members of Ward 5 that were present at the meeting raised the following concerns.

1.Land for housing development	2.Electricity needed
3.Mobile clinic on a regular basis	4.Labour matters: there is need for urgent intervention by Department of Labour.

4. MTREF-Medium Term Revenue and Expenditure Framework outlook

Municipalities are required to prepare 3 year operational and capital budget referred to as the MTREF. Government Grant and subsidies are therefore also published for a three year period to provide municipalities with the necessary information for proper medium term planning.

The following is a short summary of what can be expected for the two outer financial years 2014/2015 and 2015/2016:

Operating Expenditure	2014/2015		2015/2016	
	Amount	% Increase	Amount	% Increase
Employee Remuneration	47 215 710	6.40%	50 237 437	6.40%
Councillor Allowances	4 578 028	6.40%	4 871 022	6.40%
Salaries and Wages as % of total Operating Budget :		24%		
Bulk Purchases - Water	15 612 705	0	16 455 791	5.40%
Bulk Purchases - Electricity	42 357 447	0.00%	44 644 749	5.40%
Provision Bad Debt	19 008 679	5.32%	20 010 074	5.27%
Depreciation	7 681 153	5.32%	8 085 815	5.27%
Repairs and Maintenance	5 746 238	5.40%	6 056 534	5.40%
Finance Charges	-		-	
Provincial Grants Paid	987 000	-50.33%	987 000	0.00%
Grants Paid Operating	2 834 000	3.43%	2 917 000	2.93%
Provision Free Basic Services	12 206 600	5.40%	12 819 958	5.02%
Other Expenditure	23 731 380	0.70%	25 004 203	5.36%
Contracted Services	13 906 621	5.36%	14 648 112	5.33%
TOTAL	195 865 559	4.44%	206 737 695	5.55%

Operating Revenue	2014/2015		2015/2016	
	Amount	% Increase	Amount	% Increase
Property Rates	-12 875 721	5.40%	-13 571 010	5.40%
Water Consumption	-17 752 296	5.40%	-18 710 920	5.40%
Electricity Consumption	-64 025 396	5.40%	-67 482 768	5.40%
Refuse Removal	-6 566 696	5.40%	-6 921 298	5.40%
Sewerage - Service Charges	-9 950 808	5.40%	-10 488 151	5.40%
Interest on Arrears	-8 584 684	1.59%	-9 149 710	6.58%
Traffic Fines	-84 622	5.40%	-89 191	5.40%
Equitable Share	-71 291 000	6.32%	-77 127 000	8.19%
Other Grants and Subsidies	-3 821 000	-19.17%	-3 904 000	2.17%
Other Income	-6 575 860	5.40%	-6 934 786	5.46%
TOTAL	-201 528 082	4.95%	-214 378 834	6.38%

Capital Expenditure	2014/2015		2015/2016	
	Project Amount	Funding Source	Project Amount	Funding Source
Sakhile Public Lighting/ highmast	1 000 000	MIG		
Masakeng Public Lighting	600 000	MIG		
Kingston Public Lighting	400 000	MIG		
Construction of stormwater channel ±1.2 km Phase 3{New Project}			7 500 000	MIG
Guldenskat Public Lighting			800 000	MIG
Pampierstad: surfaced ring road for 1400 stands (new project)	6 745 219	MIG	6 745 219	MIG
Sakhile Access Road Paving	7 000 000		7 000 000	MIG
Masakeng Internal Sewer reticulation 840 sites	12 500 000	COGHSTA	12 500 000	COGHSTA
Construction of Roads and Stormwater in Masakeng (Phase 1)New project	10 683 558	MIG		
Construction of roads and Stormwater in Kingston {Phase 1} New project	4 923 693	MIG	4 923 692.60	MIG
Construction of Access Road in Thagadiepejang and Bonita park 2.1 km(N	4 316 523	FBDM	4 316 523	FBDM
Access Road in Thagadiipelajang and Bonita Park - 2.1 km	2 890 503	FBDM	5 742 543	FBDM
	-			
Supply of a bakkie for Ganspan	150 000	INTERNAL FUNDING		
Supply of high pressure steam cleaner	45 000	INTERNAL FUNDING		
Purchase of a Tipper 5000kg load	560 000	INTERNAL FUNDING		
Purchase of a Back Actor	730 000	INTERNAL FUNDING		
Andalusia Park Erf 357	168 000	INTERNAL FUNDING		
Blue and Green Drop programme	200 000	INTERNAL FUNDING		
Rehabilitation and revitalization of old dumping site	15 000 000	INTERNAL/UNKNOWN	15 000 000	INTERNAL/UNKNOWN
TOTAL	67 912 496		64 527 978	

5. FREE BASIC SERVICES

Provision is made in the outer year budgets for the provision of the following free basic services:

	2014/2015		2015/2016	
	Households	Amount	Households	Amount
➤ Water : 6 kilolitre per month:	4300	2 056 711	4450	2 160 163
➤ Sewerage : free basic sanitation per month:	4300	4 666 354	4450	4 901 070
➤ Refuse Removal : free refuse removal per month:	4300	2 565 701	4450	2 694 755
➤ Electricity : 50 kWh per month:	4300	2 917 234	4450	3 063 970
TOTAL		12 206 000		12 819 958

6 Key Budget Policies

Council needs to reviews all budget related policies on an annual basis, and amended policies were tabled during a Special Council Meeting held on 29 May 2013. Policies that were reviewed are:

- Tariff Policy
- Indigent Policy
- Rates Policy
- Supply Chain Management Policy
- Asset Management Policy
- S & T Policy
- Credit control and Debt Collection Policy

Details regarding the key purpose of the specific policies, and amendments made are available in the part 2.7 dealing with **Budget Related Policies**.

6.1 Alignment Grants per Budget with DoRA Allocations

Municipalities play a critical role in furthering government's objective of providing services to all while facilitating local economic development. Government has sought out to insulate local government from the full impact of the economic slow-down in national revenues with National transfers to local government growing by 13.4% annually.

The following Grants allocated to the municipality in terms of the 2013/2014 Division of Revenue Bill dated 7 February 2013 and Northern Cape been included in this medium term budget:

GRANT	2013/2014	2014/2015	2015/2016
Municipal System Improvement Grant	-890,000	-943,000	-967,000
O&M Water Services Operating Subsidy Grant	-300,000	-300,000	-300,000
Municipal Infrastructure Grant	-25,032,000	-24,850,000	-26,222,000
Equitable Share	-67,054,000	-71,291,000	-77,127,000
Provincial Library Grant	-987,000	-987,000	-987,000
FBDM	-4,200,000	-2,890,503	-5,742,543
Extended Public Works Programme Incentive	-1,000,000	-0	-0
Integrated National Electrification Programme (ESKOM GRANT)	-187,000	-2,000,000	-6,000,000
Pampierstad Internal Reticulation Refurbishment Grant – DWA	-10,000,000	-13,000,000	-13,000,000
FINANCIAL MANAGMENT GRANT (FMG)	-1,550,000	-1,600,000	-1,650,000

Grants From National & Provincial	-111,200,000	- 117,861,503	- 131,995,543
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7.1 Provision of Clean Water and Waste Water Management

7.1.1 Background

Service production is the core function of municipalities as a sphere of government. Amongst all Services, municipalities have to render water supply as well as removal of sewer. These two services are the most critical. Municipalities are also not only required to supply water, but clean drinkable water as well as discharging the treated effluents from the sewer network to the rivers. This will save both human life as well as the ecological systems in the river. Currently the Department of Water has placed measures in place to monitor the quality of the water as well as sanitations effluent.

7.1.2 Purpose

The purpose of the report is to inform council on the need to budget for the water quality as well as sanitation which is now called the blue drop and green drop compliance.

7.1.3 Compliance Issues

The requirement is that municipalities must start budgeting for the water quality which is called the **Blue Drop**. According to the latest information from the National Treasury municipalities will also be audited on compliance with the regard to blue drop and green drop requirements. The following are part of the compliance issues:

- ❖ Safety equipment to be provided on water and sewer plants;
- ❖ Water and Sanitation operators to have a certain level of skill i.e. Grade 12 ;
- ❖ Monthly water quality sampling monitoring programme to be implemented;
- ❖ All plants to have qualified process controllers in terms of DWAF classification;
- ❖ Accredited Services Providers to be appointed for sample analyses;
- ❖ Water safety plan to be compiled and approved by the council for funding and proof of management to commit for implementation;
- ❖ Drinking water quality response management;
- ❖ Publication of drinking water quality management; and
- ❖ Drinking water asset management

7.1.4. Current Status

The municipality is currently the Water Service Authority and Provider on areas like Jan Kempdorp and Hartswater with the exception of Pampierstad, where Sedibeng Water is the provider.

The municipality is still waiting for the results of the last assessment with regard to its **Blue Drop** and **Green Drop** status.

The water safety plan is not currently in place and there is need for it. Operations and Maintenance challenges are more related to improper operation due to lack of required skills and monitoring.